

Dawn M. Bronson  
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June 15, 2023

Hon. Judge Kenneth M. Karas  
United States District Court  
300 Quarropas Street  
533 White Plains, NY 10601-4150

Re: SEC v. Edward Bronson, et al., 12cv06421 (KMK)

Dear Judge Karas:

From the outset, I must point out that I continue to write pursuant to and my husband's direction and solely on his behalf. To the extent that I speak for myself, it is in connection with the SEC's motion to hold me in contempt. But I'm not petitioning the court on my behalf and for my injury and relief, but for Edward's. I believe that this addresses Ms. King's argument that I lack standing to bring a motion. I will now address the merits of Ms. King's answer to my letter.

Ms. King clearly misses the point. While Ms. King repeatedly writes that Edward has been noncompliant, she has reduced her argument to asking the Court to have Edward prove a negative. I have provided the Court with lists of all the records we supplied, which is all the accounts Edward and I have had. Ms. King's response is "what about the overseas accounts," but although, Ms. King's letters and motions show that she has analyzed our bank records, Ms. King has never pointed to a transfer that she believes went overseas except for the account that was opened but not used in 2017 for a Real Estate investment opportunity that went nowhere.

Edward nor I have ever had an overseas account. It should not be enough for the SEC to have all our records and simply repeat "what about the overseas money," without showing one bit of evidence that any money went overseas.

So, while Ms. King is very good at writing these noncompliance letters, she bases "noncompliance" on accusations without proof. Except for "overseas," there are no details of where she believes money is, just that she believes it's out there somewhere. The real facts are that we have provided everything asked for in existence and Ms. King is dissatisfied with the answer despite it being the truth. It appears winning has become more important than reality. The reality is that Edward has been incarcerated for 16 months, he has no income, no assets and has no idea what his income will be once he's released. I have no income and a TRO/Asset freeze on my bank accounts since December 30, 2022. This includes money I made from selling plants. I have not been able to run the business or generate any income to support my family since the TRO. Edward is requesting a hearing/financial evidentiary hearing for Friday June 16, 2023, or soon thereafter, so we can learn what evidence Ms. King believes shows that money remains hidden, and that Edward is in contempt and should remain imprisoned. He has been incarcerated since February 16, 2022, and a financial evidentiary hearing is long overdue.

On May 31, 2023, I was informed by Mr. Reizenstein that he was going to file a motion withdrawing from representation. He filed his Motion to withdraw on June 9, 2023. I have not spoken to Mr. Reizenstein. We communicated via email, on June 1st and on June 5th, when he sent me his motion to withdraw. He filed his motion to withdraw on June 9, 2023. It would have

I emailed Ms. King directly on June 1, 2023, and told her that I would be sending her the last of the open items that the SEC requested. The SEC's stall tactic has put my family's health and well-being in jeopardy. We currently have no health care insurance, and my children have no asthma medication, no access to therapy and emergency room medical bills accumulating.

The SEC alleges that at-best I misstated a key fact: that the SEC did not agree to a settlement with Edward. The SEC did in fact discuss a proposed deal for Edward's release with Mr.

Reizenstein. The email that I sent to Ms. King highlights the proposed deal which Mr.

Reizenstein conveyed to Edward. The email to Ms. King is attached to my letter motion to the Court filed via ECF on June 7, 2023. I did not misstate any fact, I reference "The proposed deal as discussed with Mr. Reizenstein" in my June 5th email to her, but Ms. King is mischaracterizing what I said. At least twice we thought we were close to settlement. The first time, Ms. King seemed to agree to settlement terms, but later told Mr. Burstein that the settlement was not approved. We have had poor luck, keeping counsel. But it appears that every time Counsel withdraws from the case, the SEC withdraws from settlement progress, and pounces on the opportunity to stall and prolong Edward's incarceration. Then it's back to ground zero with trying to negotiate a settlement and the SEC reviving empty accusations that we are withholding evidence and that no settlement had been close. Each time counsel withdraws, the SEC uses its advantage to turn back the clock, turn the screws and extract a new harsher deal than they were discussing with an attorney. This is unfair and should not be tolerated by this Court. The government is wasting the Court's time by resetting the clock. They negotiate in bad faith, to say the least. We are at the point where Edward's health is rapidly declining, and my children are suffering. I respectfully request that the Court schedule a hearing to assist in facilitating a deal for and a hearing for Edward's Immediate release.

If this path of destruction continues, the SEC will not be made whole. Judgments become impossible to collect when the defendant is jailed or dies. These are the SEC's words not mine. Three years into the contempt proceeding, we have provided full and complete accountings of all our accounts and assets. The SEC was informed by Mr. Reizenstein that I could not complete the 2021 accounting in detail without Edward or a forensic accounting. As part of the proposed deal, Mr. Reizenstein told Edward that the SEC agreed to a forensic accounting and upon Edward's release, a complete forensic accounting would be completed in 45 days. Now the SEC claims that they never requested a forensic accounting, just affidavits. Then what are they requesting? A full detailed accounting of all personal and entities means exactly that to me. Followed by an affidavit under oath that the accounting is complete and correct. I did provide the SEC with categorized spreadsheets, but now that we have no counsel, they are not good enough anymore. I sent the SEC the information in two different forms with a breakout. That is the best that I can do without all the corresponding documentation. I don't know what deals were done in 2021 because I was not involved so I can't provide accurate information. We have done everything that can be done without Edward. Edward needs to be released so that he could provide that requested information. To keep Edward in jail for information that we cannot provide while he is in jail turns his imprisonment for contempt into a version of Modern-day debtor's prison, where the debtor cannot pay because he is in prison but will not be released until he pays. He cannot review thousands of pages of bank statements and find the corresponding documentation sitting in a cell. I cannot "do the best that she can" as the SEC has requested. I was not involved, and I have very little knowledge and there will be consequences if I get it wrong. The fact that the SEC is now requesting that 2021 be completed while Edward is incarcerated shows bad faith on their part: weeks ago, when Edward had counsel, Mr. Reizenstein stated that it needed to be done by Edward and the SEC agreed to that.

There are no assets held by Edward directly or indirectly. Our current expenses have been provided and past expenses that will be completed with the forensic accounting. The bloated \$25,000 per month expenses are the lowered expenses. Two-thirds of the highest living expenses

are for snitch and mean. We have no money to navigate this instance and it is growing because I must borrow money to survive. The reduction of our lifestyle is already in effect, but the SEC chooses not to see that. As I stated before, holding Edward in jail will not just lower our debt. In fact, it's increasing our debt. I'm not sure how the SEC expects me to just wave my magic wand and make all debt owed disappear. My house is in foreclosure. What good would it do if I abandon the house now and move six people into my son's car. The SEC's present position is absurd and makes no sense. If Edwards's imprisonment is to compel him to disclose and to cooperate, it has done its job and now is just a punishment. We have disclosed and need him released to further cooperate. That is not contempt. Although Ms. King claims that Edward is refusing to provide complete financial transparency, to prolong his incarceration, the burden must be on Ms. King to explain in detail what she thinks is missing, but why she thinks it exists and how Edward can comply while imprisoned.

While Ms. King says we have not been forthright, I didn't mean to present a dissertation on Edward's entire medical history. The facts are that he is presently in the jail's psychiatric ward, that he does not receive the medication he was taking before he was imprisoned, he has been injured on several occasions while in the general population and his physical and mental health are deteriorating. If required, I will request his medical records from the jail.

The SEC has not only recently learned of pawned jewelry. They have known about this for quite some time. In my 2021 deposition this information was disclosed to Ms. King. Eighty percent of pawned jewelry was given to me by others or which I bought before I knew Edward. Most of the jewelry came from my ex-fiancé who was in the diamond business. I believe that the SEC is exaggerating the value of the jewelry, but a hearing will help estimate the true value and where it came from. We can then address what the SEC believes they are entitled to. I also testified on December 12, 2022, that jewelry was pawned, that I did not know the true value and that all the pawn slips couldn't be located. The SEC knows that my salable or auction item list may be incomplete. It's in Mr. Reizenstein's letter. Edward handled the loans for me so he will need to locate the slips. The SEC has no legal right to try to attach to my pawned jewelry or the proceeds from any auctions. Especially any items that were gifted from a third party, before my marriage or gifted from my husband prior to the year 2000. Some of those items were gifted to me or my daughter from my mother, Edward's stepmother, or my grandmothers. The SEC has no legal right and once again they are overreaching. To move this forward, and despite their having no connection to the money sought by Ms. King, I am willing to turn over any non-sentimental items, and we can address this with the court's assistance. Most of our valuable pieces were sold from 2013-2016, not pawned, as we needed money for the SEC litigation. I will ask Edward if he has the paperwork for those items and provide the SEC with that information.

The SEC continued to press for complete accountancy and the Court held a hearing on December 12, 2022, which proved no assets were being held by a third party. Mr. Burstein acknowledged in his January 2023 letter to the Court that: Mr. Bronson could not be released from incarceration unless the Bronson's provided a full accounting. I've addressed this above. If what I've submitted doesn't satisfy the government then a full forensic accounting is necessary with the assistance of the defendant, Edward Bronson. I cannot account for anything that I was not involved in, and Edward cannot account for it from prison.

The introduction of the red herring- of unavailable funds for a forensic accountant. Edward can explain the accounting and he has never claimed that he wasn't. Just not from jail. He has no assets and currently has no income. Nothing is being held anywhere by anyone. The December 12, 2022, hearing evidenced that. Ms. King called her own witnesses that day. Ms. King claims that all they wanted was an accounting with an affidavit not a forensic accounting. It seems unfair that after 16 months of incarceration Ms. King is now contending that she only requires sworn affidavits. It seems that, despite the SEC's constantly changing position, a forensic

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accounting must be provided to the US. King being able to answer his/her questions. The SEC can choose the Forensic Accountant and Edward and I will work to try to pay for it.

All and every asset have been provided, unless the government wants clothing. I provided a list of items to Mr. Reizenstein, which he then sent to the SEC. We have furniture, our original dining room, bedroom and living room that I'm willing to turn over. I provided photos of those items. I'm not sure what else there is to turn over. We still have our legs. We don't have our health. What more can we give? I don't own any clothing over \$1,000. I wear clothing from Zara, H & M and Target. I'm happy to take photos of my closet and show the government the labels. I wear fake jewelry. I have for years. Ms. King knows that because she commented to Edward's previous counsel that my fake Chanel earrings would be mentioned during my contempt hearing. I wore the earrings to the December 12, 2022, hearing. I purchased them at TJ Maxx for \$26 dollars. I'm happy to turn them over to the SEC. I don't own or wear fur. I'm a volunteer foster for injured animals. Edward's stepmother left me her fur coats when she died. I'll turn them over to the SEC. His stepmother also left me her cats and her family photos which the SEC has no right to.

A diminution in lifestyle is clearly required and should be discussed at a hearing in front of this court. I cannot simply pack up my children, father and pets and abandon a house and live on the streets, without running water and electricity because Ms. King believes that I should do without the basic necessities to pay SEC. The judgment is not against my children and foreclosing currently makes no sense. Instead, the SEC should take the lion's share of the money that we have offered, release Edward and allow him the medical treatment he needs so that he can work and commence making payments. That's what does make sense, not this punishment which no longer compels, but prevents compliance. As for my expenses and my fathers, I'm not sure what the SEC is referencing. My expenses are living expenses. My father's expenses are \$300 a month. My father has no income, we are now living on his Social Security money. If Ms. King is referencing a prior heating bill that is owed, that's a debt in my father's name. That account was in his name. He lives with us.

The proposed payment plan of 75% of Edward's gross income is unreasonable and would leave us homeless. That makes no sense for the SEC or us. We would then need to sell every item in our house and hope that we have enough cash to pay for an apartment for 7 people. It's unreasonable and we need the court's guidance to determine the percentage. And 75% was not the agreed percentage when Ms. King was negotiating with attorneys. There should be no difference because Edward has no attorney.

No wires have been sent as accounts have been frozen. I will provide the SEC with Top Knot's withdrawals once again.

As to the \$30,000 I hoped to carve out for living expenses. We have no money, not one dollar. We live off my family and friends and my father's Social Security money. That money helps us pay for jail commissary, video calls with Edward to ensure we're always connected, and food that's needed to survive. My eldest son helps buying food, pays some of the smaller bills, and makes sure that his siblings have what they need. He also pays his car lease.

My family needs health insurance, food, and electricity. Edward will need care whether hospitalization or home care, this is a priority. We need medical coverage that covers our needs and not what the SEC thinks that we should live with. Mr. Reizenstein has discussed his concerns with Ms. King, and she refused to agree to permit him to allow him to use any portion of the \$90K being held. Ms. King knows that I've had to take the kids to the emergency room for what would previously have been ordinary medical care. Ms. King understands that the medical bills are adding to our expenses. No one has been able to take their normal dosage of medication. If I don't have the money or if I can't borrow it, we do without it. My children have not had albuterol

for their nebulizers, my two boys share one inhaler. By law, I am required to have at least one inhaler and asthma pills in the school. I believed the school may have addressed this issue as they are aware that Edward is being held on civil contempt and my bank account remain frozen. The pediatricians are aware, and I hope that they address this matter as well. Our therapist is also aware. They understand that the SEC is moving forward to try and hold me in contempt. They are aware that I cannot feed my children without the help of family and friends, nor can I provide healthcare for them. If I do, I will be held in further contempt. I need two injections of Skyrizi every twelve weeks, which I currently cannot pay for. I need a mammogram, sonogram and a biopsy of a mass that continues to grow. My Radiologist is aware of my situation. I need to have Stapedectomy surgery for Otosclerosis and cannot pay for the surgery. My doctors are aware of this. Not all insurances policies cover major surgeries like this, but United Healthcare does. My children need their own inhalers and asthma medication. They also need to continue with therapy. This is beyond abuse at this point, and certainly is not needed to compel Edward's full cooperation.

As for the SEC taking its own steps, by gathering and seeking privileged and confidential medical records. Medical records are considered highly sensitive and available only to those who need to know and/or have been given consent. Edward has verbally waived his right so for the Court to review his medical records in Camera. The Commissioner has no right to Edward's confidential medical records under HIPAA regulations, nor do they have the right to exploit his privacy via court filings. I ask the court to address this.

As to a budget being needed, we never said that we couldn't provide a budget. We simply said that we have no idea what our income will be. How can we provide a budget when Edward has been in jail for 16 months. We have no idea what his income will be. As such it's unreasonable to work off anything other than the expense list right now. We provided the expense list and have no window into future earnings until Edward is released and starts working. As such, it's impossible to provide a realistic budget that is not purely speculative until Edward is out, healthy and working. All expenses provided represent a true and accurate picture of our current situation. The government repeatedly harks on changing lifestyle. Our lifestyle has already changed. Our two main expenses are shelter and healthcare. The house and its three mortgages are in default and no easy sale solution is viable. Currently the house is under water. The other remaining expense is healthcare. Our healthcare insurance has been terminated for failure to pay. We need to have health insurance restored and we will need to pay for it. As previously stated, Edward proposes 50% percent of future income to the government. Approximately two thirds of our expense list consist of shelter and health care.

Although Ms. King repeats that Edward has stated that he has the ability to pay, she mischaracterizes that statement to win the argument. Edward is indeed capable of paying, but only if he is released and working. Edward's incarceration is no longer coercive and now punitive. I respectfully request that the Court schedule an emergency hearing for this Friday, June 16th to assist with a reasonable deal. Cleary the SEC is willing to make a deal because they propose specific terms on page 6. The SEC has refused to come before this Court and subject themselves to Court oversight on a proposed deal which would also demonstrate his total inability to cure his attempt. Instead, they have prolonged this discovery process by requesting more documentation which has no end. All in the attempt to extract the harshest deal from Edward.

As to the SEC taking steps to provide the Court with Edward's medications, or against the SEC has no right to privileged and confidential medical records. The SEC would need a warrant or Court order to access Edward's medical information without his written consent. Warrantless access to medical information violates the U.S. Constitution, especially the Fourth Amendment, which generally bars the government. I would recommend that the SEC read the HIPAA regulations before attempting to review, share with SEC staff or file to the public docket. Medical records are considered highly sensitive, and they would need Edward's consent. If Edward signs a consent agreement that allows the SEC access to the records, they may review.

While the SEC seeks certain orders from the Court, The SEC must be more specific on what further accounting is needed and then I can try to provide it. At this point, however, I believe that I have provided everything I can without Edward. Accounting for 2021 cannot be completed without Edward. I cannot account for wires, checks, deals, and transactions that I was not involved in and have no idea who the counterparties were. Edward is the only one who can locate the corresponding documents which I have access to. He cannot do this from memory while sitting in jail without access to his computer. But he is willing to do this or anything else that the Court requires. I turn to the Court to direct me on how this should be handled.

The SEC wants the funds left over from Mr. Burstein's retainer payment, but the SEC has no right to unused retainer funds held by Mr. Burstein. I took out a third loan against my home to pay Mr. Burstein's retainer. I am still liable to repay that loan. And to date I have not received a full accounting from Mr. Burstein. I ask the Court to order Mr. Burstein to provide me with a full detailed accounting of monies, used and unused.

The SEC wants full account statements from Edward, me, my children, and all family-owned entities by the 15<sup>th</sup> of each month. We agree to do this.

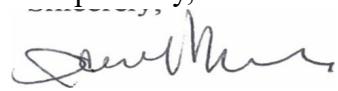
The SEC wants the Court to order that no accounts be opened, or entities created. A blanket bar seems overreaching, but we understand that there must be full transparency and ask that this be discussed in Court.

The SEC requests that the Court order Edward to pay to the SEC by the 15<sup>th</sup> of each month, 25% of his gross income above \$5,000 and 75% of his gross income above \$20,000 per month, with proof of income and a computation of the remittance due uploaded to the SEC and the Court by ECF. We think that 75% of Edward's income is unreasonable and note that the percentage was 50% when Ms. King was discussing this with an attorney but ask that this be addressed with the Court's assistance after reviewing our financial statements.

Despite the disclosures to date, the SEC asks that Edward be held in "contempt for his continued contumacy and for his penny stock bar violations based on the SEC's pending application." We believe that Edward is no longer in contempt. The Court holding Edward in contempt and having him imprisoned for 16 months have clearly compelled his cooperation. We believe that he is no longer in contempt, that he is cooperating and that the Court should hold as such and release him.

Finally, Ms. King asks the Court to hold me in contempt. While I believe that I have been cooperative and not acted in contempt, my letter was by Edward and about Edward and this is his response. I ask the Court to hold the issue of whether I am in contempt in abeyance until Edward's issues are decided.

Respectfully,



Dawn M. Bronson